

PX17

PX17 Attachment X

Verifi Presentation obtained from office of Lindsey  
Martinez and Seth Davies



## Verifi Client Visit

September 27<sup>th</sup>, 2016





## AGENDA

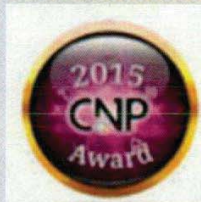
- Introduction to Attendees
  - Verifi
    - Shane Lynch | Relationship Manager
  - Blue Rocket Brands
    - Jenny Johnson | CEO
    - Danielle Foss | SVP
    - Megan Goodman-Arndt | Director of Merchant Processing Operations
    - Seth Davies | Manager of Merchant Processing Business Development
- Verifi: An Overview
- Review of Verifi Services
- Blue Rocket Brands in 2016/2017
- Verifi in 2016/2017
- Wrap Up and Review Follow Up Items

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## ABOUT VERIFI

- Founded in 2005
- Office Locations
  - Los Angeles (Headquarters)
  - Chicago
  - Las Vegas
  - London
- Staff of 210+



Winner of CNP  
Best Chargeback  
Management  
Program 2013,  
2014 & 2015

2.1M

Number of  
Chargeback &  
Retrieval Disputes  
handled by  
Verifi in 2015



# ***Global Payment Gateway***

## ***Transaction Processing & Reporting***



## TRANSACTION PROCESSING SUMMARY – BREAKDOWN BY COMPANY

SEPTEMBER 1ST, 2015 TO AUGUST 31, 2016

- High Level Overview of Sale Volume for all Blue Rocket Brands Companies

<i>Merchant</i>	<i>Sale Count</i>	<i>Sale Amount</i>	<i>Net Sales</i>	<i>Net Amount</i>
Thunder Ave	42,298	\$ 1,464,317	37,157	\$ 1,124,893.97
Snow Sale	34,303	\$ 1,185,257	30,305	\$ 922,966.61
Bridge Ford	33,001	\$ 1,166,858	28,768	\$ 894,056.77
Doing What's Possible	26,580	\$ 842,545	23,833	\$ 676,622.68
Newport Crossing	21,268	\$ 649,431	18,761	\$ 488,136.68
How and Why	20,937	\$ 677,158	18,984	\$ 555,176.12
Walnut Street	20,885	\$ 635,566	18,506	\$ 484,511.96
Mint House	18,268	\$ 635,942	16,507	\$ 518,691.16
Wild Farms	16,810	\$ 573,817	15,030	\$ 464,975.22
Sandstone Beach	16,009	\$ 513,047	14,397	\$ 418,045.25
Brand Force	14,508	\$ 465,089	13,105	\$ 375,709.12
Brookville Lane	14,196	\$ 481,082	12,223	\$ 354,624.46
Desert Gecko	13,043	\$ 473,836	11,662	\$ 386,414.46
Absolutely Working	12,726	\$ 436,084	11,561	\$ 363,022.94
Boulder Creek	12,567	\$ 403,714	11,084	\$ 312,439.30
Solid Ice	12,266	\$ 415,493	10,807	\$ 323,664.64
Brass Triangle	11,429	\$ 395,809	10,391	\$ 329,665.71
Night Watch Group	11,271	\$ 377,981	9,807	\$ 280,796.83
Greenville Creek	7,448	\$ 229,133	6,669	\$ 182,614.29
Flat Iron Avenue	6,953	\$ 228,155	6,342	\$ 191,672.58
Indigo Systems	5,723	\$ 220,596	5,227	\$ 188,820.22
Three Lakes	2,002	\$ 55,175	1,803	\$ 43,237.32
University and Folsom	1,198	\$ 35,992	1,123	\$ 31,759.07
Spruce River	786	\$ 19,625	738	\$ 17,641.30



## TRANSACTION PROCESSING SUMMARY – ALL COMPANIES

SEPTEMBER 1ST, 2015 TO AUGUST 31, 2016

- **376,475 Sale transactions totaling \$12,581,701**
  - Average Ticket Amount = \$33.42
- **405,556 Declines totaling \$27,783,686**
  - Average Decline Ticket Amount = \$68.51
- **Average Approval Ratio = 48%**
- **Prior reporting period comparison Sept-14 to Aug-15**
  - - 0.7% decrease in Sales by count
  - 1.0% increase in Sales by amount
  - 12.5% increase in Declines by count and a 17.2% increase in Declines by amount
    - Average Decline Ticket Amount = \$65.74 (\$3.00 increase in 2015/2016)
    - Prior period approval ratio = 51% (-3% decrease in 2015/2016)

Type	2015/Sep	2015/Oct	2015/Nov	2015/Dec	2016/Jan	2016/Feb	2016/Mar	2016/Apr	2016/May	2016/Jun	2016/Jul	2016/Aug	CURRENT-- 2015/2016	PRIOR-- 2014/2015
Sales	23,285	20,038	23,862	31,295	34,717	36,441	37,121	33,358	35,068	30,114	38,102	33,074	376,475	379,282
Sale Amount	762,308	698,878	691,450	904,139	1,020,950	1,081,066	1,224,835	1,154,041	1,252,352	1,169,794	1,355,443	1,266,445	12,581,701	12,451,926
Refunds	2,047	1,855	1,394	2,077	2,398	2,527	3,098	2,749	2,600	2,435	2,552	2,822	28,554	21,640
Refund Amount	(113,056)	(112,696)	(78,080)	(119,393)	(133,668)	(146,158)	(184,165)	(160,602)	(150,972)	(146,198)	(143,681)	(173,710)	(1,662,380)	(1,297,243)
Refund Ratio	8.8%	9.3%	5.8%	6.6%	6.9%	6.9%	8.3%	8.2%	7.4%	8.1%	6.7%	8.5%	13.2%	10.4%
Declines	27,249	24,292	26,151	39,221	48,665	44,606	42,709	34,002	32,085	27,906	29,573	29,097	405,556	360,558
Decline Amount	1,712,109	1,561,748	1,555,588	2,568,894	3,248,003	3,044,045	3,012,462	2,487,029	2,330,674	2,034,741	2,088,585	2,139,810	27,783,686	23,703,977
Decline Ratios	53.9%	54.8%	52.3%	55.6%	58.4%	55.0%	53.5%	50.5%	47.8%	48.1%	43.7%	46.8%	51.9%	48.7%

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\* All dispute Amounts converted to USD



## CHARGEBACKS AND RETRIEVALS SUMMARY – ALL COMPANIES

SEPTEMBER 1ST, 2015 TO AUGUST 31, 2016

- 12,055 Chargebacks totaling **-\$918,833** (Avg Ticket = \$76.22)
- 4,262 Retrievals totaling **-\$334,871** (Avg Ticket = \$78.57)
- Avg Visa CB Ratio = 3.17% (5.21% peak)
- Avg MC CB Ratio = 3.11% (4.64% peak)
- Prior Reporting period comparison (Sept-14 to Aug-15)
  - 31.20% decrease in Chargeback Counts and a 32.60% decrease in Chargeback dollars
  - 325.6% increase in Retrieval Counts and a 229.6% increase in Retrieval dollars

Type	2015/Sep	2015/Oct	2015/Nov	2015/Dec	2016/Jan	2016/Feb	2016/Mar	2016/Apr	2016/May	2016/Jun	2016/Jul	2016/Aug	CURRENT-- 2015/2016	PRIOR-- 2014/2015
Sales	23,285	20,038	23,862	31,295	34,717	36,441	37,121	33,358	35,068	30,114	38,102	33,074	376,475	379,282
Chargebacks	753	726	548	680	790	840	960	895	1,225	1,421	1,530	1,687	12,055	17,516
Chargeback Amount	(56,411)	(57,296)	(42,977)	(45,284)	(58,255)	(64,903)	(72,476)	(70,762)	(92,175)	(110,815)	(117,968)	(129,511)	(918,833)	(1,440,588)
Chargeback Ratio	3.23%	3.62%	2.30%	2.17%	2.28%	2.31%	2.59%	2.68%	3.49%	4.72%	4.02%	5.10%	3.20%	4.62%
Retrievals	110	163	148	191	245	276	349	345	542	587	595	711	4,262	1,270
Retrieval Amount	(8,642)	(14,508)	(13,092)	(15,492)	(18,409)	(17,741)	(24,838)	(28,806)	(43,167)	(47,746)	(47,941)	(54,489)	(334,871)	(101,599)
Discover	19	23	31	27	23	31	50	53	81	72	66	125	601	209
MasterCard	317	232	171	196	248	305	306	324	414	363	478	492	3846	6098
Visa	417	471	346	457	519	504	604	518	730	986	986	1070	7608	11209

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# *Dispute Representation*



## DISPUTE REPRESENTMENT SUMMARY – ALL COMPANIES

SEPTEMBER 1ST, 2015 TO AUGUST 31, 2016

- 8,782 Chargeback Representments totaling -\$682,021 (Avg Ticket = -\$77.60)
  - Representment Rate of Total = 71%
  - Percent Fraud of Total Chargebacks = 38%
- 4,021 Retrieval Representments totaling -\$314,780 (Avg Ticket = -\$78.28)
  - Representment Rate = 94%
- Prior Reporting period comparison (Sept-14 to Aug-15)
  - 28.9% decrease in CBR Counts and a 33.1% decrease in CBR dollars
  - 235.6% increase in Retrieval Representment Counts and a 229.5% increase in Retrieval Representment dollars

Type	2015/Sep	2015/Oct	2015/Nov	2015/Dec	2016/Jan	2016/Feb	2016/Mar	2016/Apr	2016/May	2016/Jun	2016/Jul	2016/Aug	CURRENT-- 2015/2016	PRIOR-- 2014/2015
Sales	23,285	20,038	23,862	31,295	34,717	36,441	37,121	33,358	35,068	30,114	38,102	33,074	376,475	379,282
Sale Amount	762,308	698,878	691,450	904,139	1,020,950	1,081,066	1,224,835	1,154,041	1,252,352	1,169,794	1,355,443	1,266,445	12,581,701	12,451,926
CBR Count	528	478	330	622	482	612	769	679	694	1,107	818	1,663	8,782	12,346
CBR Amount	(39,861)	(38,244)	(25,770)	(45,516)	(37,106)	(47,395)	(58,343)	(55,107)	(52,950)	(87,991)	(65,506)	(128,233)	(682,021)	(1,020,019)
RET Rep Count	104	83	142	181	226	285	323	293	448	599	522	815	4,021	1,007
RET Rep Amount	(8,115)	(7,517)	(12,386)	(14,755)	(17,794)	(18,351)	(22,462)	(24,273)	(35,715)	(47,938)	(42,167)	(63,307)	(314,780)	(80,201)
Visa CBR Count	309	312	225	408	321	355	491	397	379	761	521	1,019	5,498	8,011
MasterCard CBR Count	201	150	86	184	150	225	237	235	257	281	262	514	2,782	4,199
Discover CBR Count	18	16	19	30	11	32	41	47	58	65	35	130	502	136

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## DISPUTE REPRESENTMENT SUMMARY – TOP REASON CODES ALL COMPANIES

SEPTEMBER 1ST, 2015 TO AUGUST 31, 2016

Top Chargeback Reason Codes							
Rank	Payment Type	Reason Code	Reason Code Description	Rep Count	Rep Amount	ETBW Rate	Rep Rate
1	Visa	83	Fraud - Card Not Present environment	2,698	\$184,342.75	71.7%	66.2%
2	MasterCard	37	Fraudulent Transaction; No Signature	1,462	\$91,158.86	73.5%	68.9%
3	Visa	41	Cancelled Recurring Transaction	1,348	\$120,842.25	76.6%	75.4%
4	Visa	85	Credit Not Processed	1,076	\$91,533.99	73.4%	71.4%
5	MasterCard	41	Canceled Recurring Transaction	691	\$56,590.53	78.7%	76.9%
6	Visa	75	Cardholder Does Not Recognize Transaction	318	\$26,353.20	70.7%	69.6%
7	Visa	30	Services not provided or merchandise not received	223	\$17,705.56	78.5%	75.7%
8	MasterCard	53	Not as Described	212	\$18,105.02	72.6%	72.6%
9	MasterCard	63	Cardholder does not Recognize	190	\$16,687.23	72.5%	71.8%
10	MasterCard	60	Credit Not Processed	186	\$14,857.55	68.4%	67.3%

Top Retrieval Reason Codes							
Rank	Payment Type	Reason Code	Reason Code Description	Rep Count	Rep Amount	ETBW Rate	Rep Rate
1	Visa	23	T & E - Invalid Transaction	2,231	\$168,287.63	98.8%	91.7%
2	MasterCard	1023	Personal records request	1,541	\$115,780.62	99.9%	93.8%
3	Discover	3	Transaction Documentation Request Due to Cardholder Dispute	435	\$41,528.46	83.5%	81.8%
4	Visa	28	T & E - Card Recovery Bulletin	25	\$2,155.61	92.6%	88.9%
5	MasterCard	41	Canceled Recurring Transaction	22	\$1,903.15	100.0%	100.0%
6	MasterCard	42	Late Presentment	10	\$995.47	100.0%	100.0%
7	Discover	4	Transaction Documentation Request for Fraud Analysis	8	\$809.03	66.7%	66.7%
8	Visa	1033	Legal Process or Fraud Analysis	4	\$396.88	66.7%	66.7%
9	MasterCard	1041	Fraud investigation	4	\$377.24	80.0%	80.0%
10	MasterCard	1021	Cardholder does not recognize	2	\$96.00	50.0%	50.0%